

This meeting was called for the purpose of considering general rules and regulations for carbon dioxide fields in the State of New Mexico and special rules and regulations governing the Bueyeros field in Harding County. It was called pursuant to Chap. 193, Session Laws of 1937.

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With the growing importance of carbon dioxide industry in the State of New Mexico, we deemed it very necessary that a public hearing be called on rules and regulations as to drilling programs etc. for the purpose of adequately conserving this valuable ^{natural} resource, and the protection of this new industry.

This meeting was called for the purpose of discussing rules and regulations

NEW MEXICO OIL CONSERVATION
COMMISSION

ORDER NO. 67

RULES AND REGULATIONS FOR CARBON DIOXIDE
FIELDS IN THE STATE OF NEW MEXICO

EXPLANATION

These general and special rules and regulations for the Carbon Dioxide fields, in the State of New Mexico, were adopted by the Commission _____ and became effective _____

GENERAL RULES AND REGULATIONS

The general rules and regulations of the New Mexico Oil Conservation Commission in Circular 1, "Oil and Gas Conservation Law and General Rules and Regulations for the Conservation of Oil and Gas in "New Mexico", shall apply to all present and all future wells in the Carbon Dioxide fields in the State of New Mexico, except as such rules and regulations are modified or amplified herein to meet the special conditions in the various fields and to control and prevent waste in these fields.

BONDING REQUIREMENTS

Before Form C-101, "Notice of Intention to Drill," is granted or approved by the Oil Conservation Commission, it will be necessary for the operator to have on file with the Oil Conservation Commission an approved and accepted corporate surety bond in the principal amount of \$5,000.00 for an individual well or a blanket corporate surety bond in the principal amount of \$10,000.00 where the operations cover more than one well. Each such bond shall be executed by a responsible surety company authorized to transact business in the State of New Mexico.

When the well or wells involved, or any such wells, are located on a State oil and gas lease, and the surface of the land involved was sold by the State prior to such oil and gas lease, such bond may, at the election of the principal, be conditioned not only for the plugging of such well or wells as above provided, but also to secure the payment for such damages to the livestock range, water, crops or tangible improvements on such lands as may be suffered by such purchaser or his successors in interest by reason of the development, use and occupation of such land resulting from such oil and gas leases.

Any bond conditioned as provided in the last preceding sentence must be approved, not only by the Commission, but by the Commissioner of Public Lands in his capacity as such.

All liability on bonds conditioned for the plugging of a well or wells shall continue until the plugging of such well or wells is completed and approved. Bonds conditioned to protect surface owners as aforesaid shall cover liability incurred during the entire period of oil and gas operations by the principal on the lands involved.

The Commission will, in writing, advise the principal and sureties on any bond conditioned to plug wells, as to whether the plugging is approved, in order that, if the plugging is approved, liability under such bond may be formally terminated.

Forms of bonds which will be acceptable will be furnished by the Commission.

PRODUCTION UNITS AND SPACING REGULATIONS

The production unit for the Carbon Dioxide fields is hereby established as a 40-acre tract or lot as determined by U.S. Government surveys, and no wells shall be drilled in excess of one to each such tract and no location shall be made closer than 330 feet from any two of the boundary lines of such subdivisions.

WRITTEN NOTICES, REQUESTS AND REPORTS

Written notices, requests and reports shall be required by the Oil Conservation Commission ^{as} provided for in Circular 1 of the Commission, Rules 21 to 38 inclusive. Forms to be used in this connection, to be furnished by the Oil Conservation Commission, include:

- First-Surety Bond (See "Bonding Requirements", Page _____)
- Form C-101. Notice of Intention to Drill.
- Form C-102. Miscellaneous Notices.
- Form C-103. Miscellaneous Reports on Wells.
- Form C-104. Operator's Monthly Report of Operations.
- Form C-105. Well Record.
- Form C-106. Request for Permission to Connect with Pipe Line.
- Form C-107. Purchaser's Monthly Report.

In the case of wells on lands belonging to the United States, copies of notices and reports to the proper officials of the United States will be accepted in lieu of these forms.

CASING TESTS FOR ALL FIELDS

The surface casing string shall be tested after drilling plug by bailing the hole dry. The hole shall remain dry for ten hours to constitute satisfactory proof of a water shut-off. The surface casing shall stand cemented at least 36 hours before drilling plug. The intermediate string shall stand cemented not less than 48 hours before testing. The hole shall remain dry for ten hours to constitute satisfactory proof of a water shut-off. This test shall be made both before and after drilling plug. The production string shall stand cemented not less than forty-eight hours before testing. The hole shall remain dry for ten hours to constitute satisfactory proof of a water shut-off. This test shall be made before drilling plug and also after drilling plug, if practicable.

All cementing shall be done by the pump and plug method.

Bailing tests shall be used on all casing and cement tests. In making bailing tests, the well shall be bailed dry and remain dry for approximately ten hours.

If any string of casing fails while being tested by bailing tests herein required, it shall be recemented and retested, or an additional string of casing shall be run and cemented. If an additional string is used, the same tests shall be made as outlined for the original string. In submitting Form C-101, "Notice of Intention to Drill," the number of sacks of cement to be used on each string of casing shall be stated.

SPECIAL CASING PROGRAM

At wells in the Carbon Dioxide fields of the State of New Mexico where the general and special rules and regulations are not applicable because of exceptional conditions, the Commission may approve special casing programs upon request and provided adequate proof is submitted to justify such special programs and to assure the prevention of waste.

SURFACE EQUIPMENT

Meter settings and recording meters of adequate size to measure efficiently the gas produced shall be installed by the operator on each and every producing well. These meters shall be subject to check at all times by the Oil Conservation Commission.

Well head equipment and suitable pressure gauges shall be installed and maintained in first class condition at all times. All well head equipment consisting of the following: one master gate installed in cellar, one high pressure 2-inch gate installed at well head and such other equipment and connections and surface lines that the Oil Conservation Commission shall deem necessary, which shall test over 1000 pounds working pressure and be subject to the inspection and approval of the Oil Conservation Commission at all times.

All plant plans and designs, plant equipment and connections in present plants in this field and in any future plants which may be constructed shall be subject to the inspection by and the approval of the Oil Conservation Commission.

DEVIATION TESTS

When the deviation from vertical in any 500-foot interval averages more than 5° the hole shall be straightened.

CONFLICTS BETWEEN GENERAL AND SPECIAL
RULES AND REGULATIONS

In case of conflict between a general and a special rule or regulation, the special rule or regulation shall prevail without regard to the effective dates of the respective rules or regulations, unless the contrary is clearly prescribed by the Commission. (Rule 41, of Circular No.1 - General Rules and Regulations for the Conservation of Oil and Gas in New Mexico)

SPECIAL RULES AND REGULATIONS FOR THE BUEYEROS FIELD,
HARDING COUNTY, NEW MEXICO.

CASING AND CEMENTING PROGRAMS

Commercial producing horizons in the Bueyeros field as determined by present drilling are between the approximate depths of 800 feet to 1000 feet and 1500 feet to 2100 feet.

In order to protect these horizons and the various waters encountered, the following casing and cementing programs shall be followed:

Casing programs for the Bueyeros field shall consist of (A) a surface casing string, (B) an intermediate casing string, except as hereinafter provided, and (C) a production casing string.

A. Surface Casing String.

In order to protect the fresh water supply, the surface casing string shall be set at least 10 feet below any water encountered under 300 feet and cemented back to the bottom of the cellar.

B. Intermediate Casing String.

The intermediate casing string, if considered necessary by the Oil Conservation Commission shall be set below the first commercial producing horizon and shall be cemented with 150% of the calculated amount to bring the cement to the bottom of the surface string.

C. Production Casing String.

The production casing string shall be set and cemented on the top of or in the producing horizon, as ordered by the Oil Conservation Commission. This string shall be cemented with 150% of the calculated amount to bring the cement to the bottom of the next larger string. The present known thickness of the first commercial horizon is approximately 50 feet and the second known horizon between 50 feet and 100 feet. In no case shall the operator drill more than two-thirds of the distance through the horizon he intends to produce from.